

E#236

COLLECTION OF DECISIONS DECIDED AT CABINET MEETINGS  
REGARDING MANCHURIA (JULY 1939) ISSUED BY THE SECOND  
SECTION OF THE EAST ASIA BUREAU OF THE FOREIGN MINISTRY

The Summary of Japanese Manchurian Economical Administration  
Policy

(Decided on the cabinet meeting on 20th of March in  
the 9th Year of SHOWA (1934)).

I The Administration Policy

Based on the fundamental policy of developing Manchukuo as an independent nation possessing an indivisible relationship with Japan, and with the spirit of co-existence and co-prosperity, the Japanese-Manchurian Administrating Policy will be established with the stabilization and promotion of the living of the people, establishing securely the base of Japan's world wide economic expansion and the strengthening of Manchukuo's economic powers as its aims.

(1) According to the existence of resources, the industrial situation in existence, and the conditions of the development of national economies, adequate measures suitable for the locality may be adapted, although the ultimate aim is to unify rational Japanese Manchurian economies as one organized body.

(2) The reformation of the now existing economical evils must be made with the advantages of the nationals of both countries as its keynote.

A systematical economy of Japan and Manchukuo applicable for peace time as well as in emergencies must be established so as to be adaptable to the international circumstances.

II Summary of General Administrations

(1) The transportation, communication and other enterprises in Manchukuo, restricted by the demands of the Japanese Empire's national defense will be anticipated of its speedy development under the power and appropriate administration of the Empire.

(2) Although most of the enterprises in Manchukuo outside the limits mentioned above will be operated by fair and open economic activities of nationals or foreigners under the administration of Manchukuo, basic matters having a special important bearing on the operation of Japanese and Manchurian economies, will be put under suitable administration and orderly development will be anticipated.

(3) The finances of Manchukuo, under appropriate administrations must maintain smooth harmony with the financial organizations of the Empire and must indicate effective and adequate communications between the capital of the Empire and the resources of Manchukuo. Furthermore, the investment of an adequate third country will be induced within limits which will not impair the administration policy.

(4) In order to provide the technique and labour necessary for the development of industry in Manchuria, a greatest possible number of Japanese must be colonized under certain administrations.

(5) Stress must be laid up on developing resources for which both countries now rely upon foreign supplies as well as to strive to become firm and excellent markets for each other and to avoid all unnecessary conflicts concerning export of the same kind of products to the third country amongst the contemporaries.

The commercial relations of both countries towards neighboring countries especially towards China must be promoted so as to contribute to the commercial union.

(6) It is needless to say that on actualizing the present policy, each office must co-operate and take the best measures available and embodiment of the economic policy of Manchukuo, depends chiefly on the internal guidance of the economic organizations of Manchukuo.

### III Methods of Administration

The principle of Manchurian economics lies in the promotion of indivisible relationship with that of Japan as well as to make adequate executive and capitalistic administrations judging from the point of the open door and of the equal opportunity principle and from the nature, and conditions of all kinds of business when affairs need administration.

The outline is as follows:

(1) Enterprises of the following kinds will be operated by special companies which hold a dominant position among the said business in Manchukuo as a general rule these will be directly or indirectly under the special protection and supervision of the Empire. Though adequate administration according to this purport will be exercised, the nationality of the said company not yet established will chiefly be that of Manchukuo.

- (1) Principle matters concerning transportation and correspondence.
- (2) Iron and steel works
- (3) Light metal industry
- (4) Petroleum industry
- (5) Substituting liquid fuel industry
- (6) Automobile industry
- (7) Armament industry
- (8) Mining of lead, zinc, nickel and asbestos ores
- (9) Coal mining
- (10) Ammonium sulphate industry
- (11) Soda industry
- (12) Gold mining
- (13) Electro-industry
- (14) Lumbering

(2) On the following enterprises appropriate executive or capitalistic administration is exercised upon the line of encouragement and assistance.

- (1) Salt industry
- (2) Pulp industry
- (3) Cultivation of raw cotton
- (4) Raising of sheep

(6) Hemp industry

(3) On the following enterprises executive administration is exercised on the restriction passport judging from the conditions of the industry in our country.

- (1) Textile industry
- (2) Rice growing
- (3) Sericulture
- (4) Steam trawling

(4) The enterprises not mentioned in the above three articles will be left to natural development with the exception of the national postal work and salt and opium monopoly but the injustice of producing conditions such as reversely caused by the following of the customs duties of the important export products of our country, and these will be reformed as soon as possible, but until then, adequate interim measures must be taken.

(5) Income duties of Manchukuo relating to the industry which is especially appropriate for our country to support or to develop, will be, after considering the consequences to the finances of the said country, adjusted suitably as soon as possible. For this reason, the import duties of articles which will not be a draw back to Japanese and Manchurian commerce may be raised if necessary.

The export duties of Manchukuo will be abolished as soon as is permissible from the financial point of view.

(6) The import duties of our country will be adjusted with the same passport as that of Manchukuo. However, on the import of farm products, economical conditions of the farmers in our country must be considered.

(7) Adequate measures must be taken to facilitate transportation of articles necessary for the co-defense of the two countries.

#### 4. The Principles of Control of Classified Branches of Industries

It is expected that practical measures for control of classified branches of industries should be further discussed and promptly established. The principles of control, however, are as follows:

##### (1) Traffic and Communication

It is not only of utmost importance for national defence as well as for maintenance of public order to arrange and strengthen traffic and communication of Manchukuo, especially internal traffic and communication facilities and those between Japan and Manchukuo, and to render their operations reasonable, but it is also quite essential for the development of Manchurian economy and for the control of economy of Japan and Manchukuo. Above all, special efforts should be made to render railway and shipping freight rates more reasonable.

##### (2) General and Mining Industries

###### a) Iron and Steel Industry

It should be rapidly developed, keeping close connections and in concert with the identical industry in Japan.

###### b) Light Metal Industry.

Its rapid development should be expected keeping connections with the previously arranged plan of Japan.

###### c) Petroleum Industry.

Its rapid development should be expected.

###### d) Substitute Liquid Fuel Industry.

Its rapid development should be expected.

###### e) Automobile Industry.

Its rapid development should be expected, keeping close connections and concert with the identical industry in Japan.

###### f) Arms Industry.

Its rapid development should be expected.



- g) Lead, Zinc, Nickel, Asbestos, etc. Ore Mining Industry.

Its rapid development should be expected.

- h) Coal Mining Industry.

It should be developed with the object of contributing to the utility of coal to various industries, by exercising strict control of the coal mining industries of Japan and Manchukuo and by bringing about smoothness of demand and supply in both countries, as well as of increasing export of Manchurian coal to other countries.

- i) Sulphuric Ammonia Industry.

Its rapid development should be expected, taking into consideration the agricultural demand of Japan and Manchukuo as well as the present state of progress of Japan's identical industry.

- j) Alkali Manufacturing Industry.

Its rapid development should be expected, in consideration of the demand of national defense and the present state of progress of Japan's identical industry.

- k) Gold Mining Industry.

Its rapid development should be expected.

- l) Electrical Industry.

Its development should be accelerated.

- m) Salt Industry.

Its rapid development should be expected.

- n) Pulp Industry.

Its development should be accelerated.

- o) Fibre Industry.

The present state should be maintained.

p) Milling Industry.

Its development should be accelerated.

q) Oil and Grease Industry.

Its development should be accelerated.

r) Hemp-dressing Industry.

Its development should be accelerated.

s) Paper Industry.

Its development should be accelerated, in consideration of the present state of progress of Japan's identical industry.

t) Cement Industry.

Its development should be accelerated, in consideration of the present state of progress of Japan's identical industry.

(3) Agriculture

a) Cotton Raising.

Systematical improvement and increase of raising should be projected in order to expect its rapid development.

b) Wheat Raising.

Special effort should be made for its systematical improvement and increase of raising in consideration of the present state of demand and supply in our country.

c) Rice Raising.

Considering the present state of demand and supply in our country, its production should be controlled.

d) Silk-raising Industry.

Considering the influence on the identical industry in Japan, its production should be controlled.

Notes:

(1) The agricultural products, the improvement and increase of raising of which should be projected positively in Manchuria, are generally as follows:

- |  |          |
|--|----------|
| 1. Tobacco   | 2. Hemp  |
| 3. Seed oil plants such as peanut and sesame, etc. |          |
| 4. Hop   | 5. Rosin |

(2) The agriculture products, the improvement of quality of which should be projected with utmost effort, but the increase of raising of which should be left to natural progress, are generally as follows:

- |                    |                          |
|--------------------|--------------------------|
| 1. Soya bean       | 2. Kaoliang              |
| 3. Indian corn     | 4. Upland rice-plant     |
| 5. Barley          | 6. Buckwheat             |
| 7. Millet          | 8. Doocan-grass          |
| 9. Carrot          | 10. Fruit-trees & Greens |
| 11. Wild sillaworn | 12. German millet        |

(4) Stock-raising

a) Sheep raising

Its rapid development should be expected by systematic improvement and increase of raising.

b) Horse raising

Considering especially the demands of national defense, efforts should be made toward its systematical improvement and increase of raising.

c) Cattle raising.

Its improvement and increase of raising should be accelerated.



d) Swine raising.

Its improvement and increase of raising should be accelerated.

(5) Forestry

The object of the development of Manchurian forestry lies in maintaining the advantages of forests perfectly by reasonable management - by controlling reckless deforestation by careful protection and by continuous reforestation, etc., thereby contributing to river improvement and earth conservancy; besides supplying the demand of Japan and Manchukuo as to lumber and wood-pulp.

(6) Marine Products Industry.

In conformity with our country's policy towards the Marine products industry, the protection and increase of production of the Manchurian Marine products industry should be projected in order to realize ever-lasting utility. For this purpose, Manchukuo should not encourage trawling fishery by steam-ships and trawl-boats.